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**Sent:** Wednesday, April 21, 2004 12:38 PM  
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**Subject:** 837 (Encounters)/U277 Implementation - URGENT  
**Importance:** High

We wanted to provide you with a current status on AHCCCS 837 (Encounters)/U277 implementation efforts, in relation to decisions made late yesterday afternoon.

First, we want to assure you that achieving a go live (with minimal risk to either AHCCCS or the Health Plans/Program Contractors) for the 837 (Encounter)/U277 transactions is our top priority. However, we have determined through a series of internal discussions that before we can do this (again with minimal risk) we need to address some key areas as detailed below (as well as test the resolutions of outstanding problem reports related to these transactions):

1. AHCCCS needs to work with our translator vendor, Mercator to address the current issues with file size limitations, this is necessary to ensure that files can be processed on an efficient and timely basis. At the present time we would have to significantly limit acceptable file sizes for inbound 837 Encounters far below present production standards.
2. AHCCCS does not feel that the U277 (Adjudicated Encounter), Supplemental file and Pend file processing have been completely and thoroughly tested with Trading Partners, due in part to issues previously experienced with the automated BBA data certification process and the necessity to refresh databases.

As a result we have determined that at this time we are not prepared to go live with the 837 (Encounters)/U277 transactions and have established a delay until the June Encounter cycle. We apologize and will continue to work with

those Trading Partners adversely impacted by this decision on an individual basis as necessary.

During this delay period we would like all Health Plans/Programmer Contractors to:

1. Continue to send in test 837 Encounter submissions of all file sizes, including those for more complicated processing situations (i.e.... Medicare, Replacements, etc...),
2. Continue to test the outbound U277 and supplemental files,
3. Continue to test the outbound and inbound pend correction process,
4. Notify us immediately if you have issues, problems or areas of question.

We have also revised the attached milestone chart (page 3) to show the revised go-live dates, and to more clearly identify where Contingency Plans would need to be submitted. Contrary to what was originally communicated, Contingency Plans will not be required if a Health Plan/Program Contractor will be ready to go-live by the August Encounter cycle, we apologize for the confusion.

Again, we apologize for this delay and thank you for your continued patience. If you have any questions please let us know.



HIPAA TCS  
Milestones-New Group